



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Mid Year Review of 2007-08 Budget and Infrastructure Replacement Program and Adoption of Resolution Revising the 2007-08 Operating and Capital Improvement Budget for the Fiscal Year Beginning July 1, 2007 and Ending June 30, 2008

**MEETING DATE:** January 16, 2008

**PREPARED BY** Jim Krueger, Deputy City Manager

---

**RECOMMENDED ACTION:** Receive presentation on 2007-08 Mid-year budget review, adopt attached Resolution revising the 2007-08 Operating and Capital Improvement Budget for the fiscal year beginning July 1, 2007 and ending June 30, 2008, and revise position titles to Assistant Planner and Senior Building Inspector, and add a Code Improvement Officer - Supervisor position.

**BACKGROUND INFORMATION:** Staff has prepared a power point presentation that highlights financial information for major city funds and shows the proposed budget adjustments.

The following are the primary elements that will be reviewed with the City Council. The items are grouped by fund to allow for easy review and summarization.

### General Fund

**Projected Fund Balance at June 30, 2008 (without any proposed adjustments):**

The ending fund balance is projected to increase to \$5 million in comparison to the budgeted balance of \$3.5 million. The actual balance at June 30, 2007 was approximately \$5.2 million and will decrease slightly as a result of the revenues being less than expenditures. This is a net amount that reflects several items of revenue and expenditures. Fund balance projected at June 30, 2008 is \$4.87 million after the adjustments as proposed and explained below.

- Projected expenditure savings of \$1,000,000
  - Health Insurance, workers compensation and vacancies
- Revenue shortfall projected at \$1,175,000
  - Mostly due to property tax and sales tax dips from budgeted amounts

**Proposed Budget Adjustments:**

- Transfer to Equipment Replacement Fund \$89,000 for failing radio equipment at Police Department. This will replenish the fund to a positive amount as of June 30, 2008.
- Public Works - Graffiti abatement \$40,000. This will restore the program to the Public Works Department.
- Appropriate \$20,000 to Non-Departmental accounts for the training and development of Board and Commission members through attendance at seminars and/or conferences.

---

APPROVED:

A handwritten signature in blue ink, appearing to read "Blair King".

Blair King, City Manager

One-Time Adjustments (see note **below\***) :

- Purchase of Fire Dispatch, Equipment \$190,000.
- New computer software for City Clerk to record and maintain cataloging system for \$50,000.
- Web camera in downtown \$10,000.
- These items will be funded with one time revenue from the Flag City connection \$250,000.

Other Adjustments

- Transfer from Parks Donations to Parks Budget \$11,875 for various small projects including riverbank repair at Lodi Lake.

Electric Fund

- Revenues projected to be higher than budget.
  - One time revenue from sale to Roseville of Combustion Turbine rights (\$3.25 million) and less than expected operating revenues (\$1.1 million less) make expected revenues higher than budgeted.
- Non-power operating costs (\$389,503 projected savings in expenditures).
- Net Bulk power costs - expected to be at budget level.

Fund Balance - Projected at June 30, 2008, \$8.63 million balance unreserved and unrestricted - up from budgeted \$7.1 million balance primarily due to sale to Roseville of Combustion Turbine rights.

Wastewater Utility Fund

- Revenues are expected to increase by \$17.3 million due to issuance of Wastewater Treatment Plant COPS.
- Expenditures are expected to increase by \$14.3 million due to construction of Phase 3 improvements to White Slough Wastewater Treatment Plant and major trunk line replacement. Proposed budget increase to include all Phase 3 expenditures and trunk line replacement.
- Fund Balance projected at June 30, 2008 an unreserved and Unrestricted balance of \$8.6 million.
  - Unreserved target is 30% of capital assets and equals \$15 million.
  - Cumulative amount collected and earmarked for Infrastructure Replacement Balance equals approximately \$11.3 million.
  - Infrastructure replacement program needs to be balanced against unreserved target. Phase 3 and trunk line replacement are significant elements of the infrastructure replacement program.

Water Utility Fund

- Revenues – Revenues are projected to increase by \$3.26 million due to PCE/TCE settlements.
- Expenditures – Expenditures are projected to increase by \$4.45 million due to PCE/TCE clean up and litigation.
- Fund Balance - Projected at June 30, 2008, \$558,639 balance unreserved and unrestricted.
  - Unreserved target is 30% of Capital Assets = \$ ~\$10 million.
  - Cumulative amount collected and earmarked for Infrastructure Replacement Balance = \$ ~\$7.5 million.
  - Infrastructure replacement program needs to be balanced against unreserved target. Replacement program is ongoing and will continue but not at level of infrastructure revenues as shown on utility bills.

Vehicle Replacement Fund

- Revenues - Revenues in this fund come from transfers made from General Fund departments that utilize vehicles.
- Expenditures – Expenditures will exceed budgeted amount by \$189,565.
- Fund Balance – June 30, 2008 unreserved and unrestricted balance projected at \$1.65 million.

\* Note- Although a fund transfer was discussed with Council on January 8, 2008, it is being delayed until revisions to the vehicle replacement policy can be updated.

### **Self Insurance Fund**

- Revenues in this fund come from transfers made from all operating budgets.
- Claims experience in FY 2007-08 for workers compensation and general liability has been as expected and will continue to be reflected in expenditures that will be at or lower than the budget.
- The total cash balance is expected to approximate \$6 million at June 30, 2008. **As** a result of continued favorable claims experience, the cash balance is projected to increase by approximately \$667,873. This will bring the combined cash balance for workers compensation, general liability and other insurance to full funding at the 70% confidence level.

In addition to the financial elements already conveyed, there are several position changes that will be proposed as follows:

**Proposed Position: Assistant Planner.** The position was budgeted as a Transportation Technician.

Rationale: Because of increased workload created by increases in the numbers of riders and new federal reporting and grant requirements, a new position was requested and included in the current budget. The position was originally proposed as a Transportation Technician, but the complexity of the duties and responsibilities of this position necessitate a different classification to better recruit an individual with the knowledge and skills to be successful.

**Proposed Position: Senior Building Inspector.** The position was budgeted as a Plan Check Engineer.

Rationale: Originally, this position was titled Senior Building Inspector. In the budget, the title was changed to Plan Check Engineer, though with the same salary range. That position had yet to be filled. Plan Check Engineers are highly technical professionals and difficult to recruit. In order to meet the needs of the department without increasing the salary, the position should revert back to a Senior Building Inspector.

**New Position: Code Improvement Officer - Supervisor.**

Rationale: The Code Enforcement Department will be moving from Community Development to the Police Department. The individual who supervised that unit in Community Development will not be moving and therefore a supervising Code Improvement Officer to provide the technical and supervisory knowledge for that unit is required. This position will also take the responsibilities currently assigned to the contract Senior Code Enforcement Officer (this position is currently working 3 days per work). This is a contract for services which was budgeted and therefore there is no budget impact in the current year.

**Fiscal Impact:** The proposed budget adjustments (Graffiti abatement and Commissions Boards and Committee education and training adjustment) will have an impact of \$60,000 in the current fiscal year. It is anticipated that the impact in subsequent years would be approximately \$100,000 per year for the same items. The proposed transfer of \$89,000 to the equipment replacement fund has a single year impact. The items comprising \$261,875 (\$190,000 for Fire dispatch equipment, \$10,000 for the web camera, \$50,000 for the minute archiving system and \$11,875 for Parks and Recreation related items) are all offset with revenues and have no impact on the General Fund budget.

**Budget:** The account numbers and the amounts are included on the attached resolution

Respectfully submitted,

  
James Krueger, Deputy City Manager

# **Fiscal Year 2007-08 Mid-Year Budget Presentation**

January 16, 2008

# General Fund Summary

## **6/30/08 Projected Fund Balance (without any proposed adjustments):**

- Fund Balance projected to be \$5 million compared to \$3.5 million budgeted amount. The balance at June 30, 2007 was \$5.2 million and will decrease slightly as a result of a net revenue shortfall and expenditure savings.
- Projected expenditure savings of \$1,000,000.
  - Health insurance, workers compensation and vacancies.
- Revenue shortfall projected at \$1,175,000.
  - Primarily due to Property Tax and Sales Tax dips from budgeted amounts.

## **Proposed Budget Adjustments:**

- Transfer to Equipment Replacement Fund \$89,000 for failing radio equipment in Police Department.
- Graffiti abatement appropriation \$40,000 in Public Works Department.
- Appropriate \$20,000 to Non-Departmental accounts for training and development of Board and Commission members through attendance at seminars and/or conferences.

**Projected 6/30/08 Fund Balance:** \$4.87 million (after above adjustment).

## General Fund Summary (continued)

### One time adjustments:

• Fire dispatch and equipment	\$190,000
• City Clerk minutes system	50,000
• Web cam in downtown	<u>10,000</u>
Offset by Flag City connection revenue	\$250,000

### Other Adjustments:

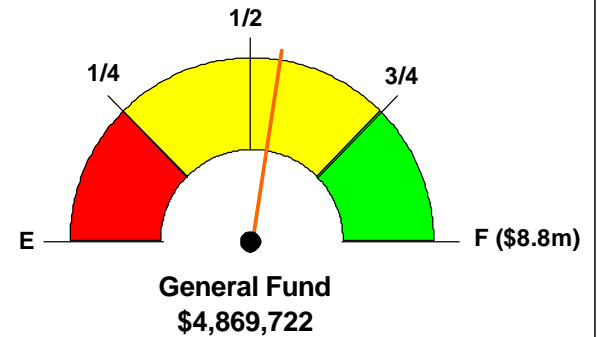
• Transfer from Parks Donations to Parks budget for various small projects including riverbank repair at Lodi Lake	\$ 11,875
--	-----------

# Statement of Changes in Fund Balance

## For the Fiscal Year Ended June 30, 2008

With Actuals for Fiscal Year 2006-07 and Comparative Budget Fiscal Year 2007-08

		Audited 2006-07 Actuals	2007-08 Budget	2007-08 Estimated Actuals	Budget to Est Actuals Variance \$	Budget to Est Actuals Variance %
<b>General Fund</b>						
<b>Fund Balance (Net Assets)</b>						
<b>Beginning Fund Balance Unreserved</b>		3,048,435	3,500,000	5,175,522	1,675,522	
	Revenues	43,982,425	44,873,225	43,963,000	(910,225)	-2.1%
	Expenditures	41,855,338	44,873,225	44,268,800	(604,425)	-1.4%
	<b>Net Difference</b>	2,127,087		(305,800)	(305,800)	
<b>Fund Balance (Net Assets)</b>						
<b>Ending Fund Balance Unreserved</b>		5,175,522	3,500,000	4,869,722	1,369,722	



# Electric Fund Summary

- Revenues projected to be higher than budget.
  - One time revenue from sale to Roseville of Combustion Turbine rights (\$3.25 million) and less than expected operating revenues (\$1.1 million less) make expected revenues higher than budgeted.
- Non-power operating costs (\$389,503 projected savings in expenditures).
- Net Bulk power costs: expected to be at budget level.
- Projected 6/30/08 Fund Balance: \$8.63 million unreserved and unrestricted - up from budgeted \$7.1 million, primarily due to sale to Roseville of Combustion Turbine rights.

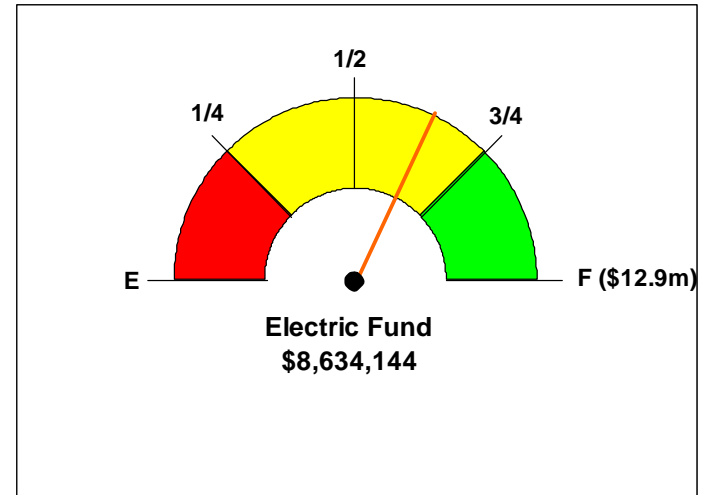


# Statement of Changes in Fund Balance

## For the Fiscal Year Ended June 30, 2008

With Actuals for Fiscal Year 2006-07 and Comparative Budget Fiscal Year 2007-08

		Audited 2006-07 Actuals	2007-08 Budget	2007-08 Estimated Actuals	Budget to Est Actuals Variance \$	Budget to Est Actuals Variance %
<b>Electric Fund</b>						
<u>Fund Balance (Cash)</u>						
<b>Beginning Cash Unreserved</b>		3,631,402	5,571,823	5,514,496	(57,327)	
	Receipts	66,953,853	77,282,257	79,427,776	2,145,519	2.7%
	Disbursements	65,070,759	75,454,770	76,308,128	853,358	1.1%
	<b>Net Difference</b>	1,883,094	1,827,487	3,119,648	1,292,161	
<u>Fund Balance (Cash)</u>						
<b>Ending Cash Unreserved</b>		5,514,496	7,099,310	8,634,144	1,534,834	



# Water Fund Summary

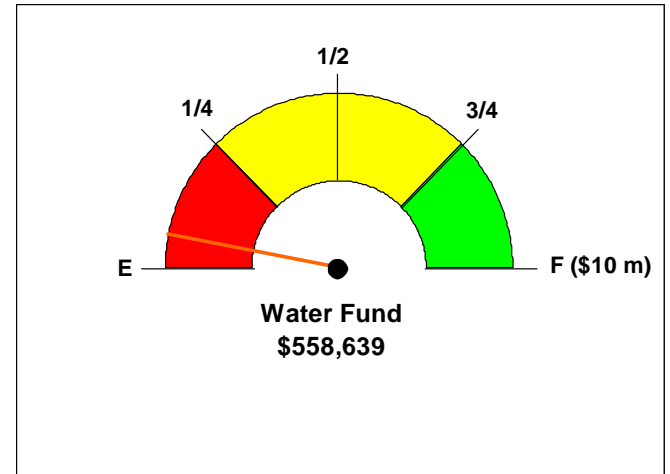
- **Revenues:** Revenues are projected to increase by \$3.26 million due to PCE/TCE settlements.
- **Expenditures:** Expenditures are projected to increase by \$4.45 million due to PCE/TCE clean up and litigation.
- **Projected 6/30/08 Fund Balance:** \$558,639 unreserved and unrestricted.
  - Unreserved target is 30% of Capital Assets =s ~\$10 million
  - The cumulative amount collected and earmarked for Infrastructure Replacement Balance =s ~\$7.5 million
  - Infrastructure replacement program needs to be balanced against unreserved target. Replacement program is ongoing and will continue but not at level of infrastructure revenues as shown on utility bills

# Statement of Changes in Fund Balance

## For the Fiscal Year Ended June 30, 2008

With Actuals for Fiscal Year 2006-07 and Comparative Budget Fiscal Year 2007-08

		Audited 2006-07 Actuals	2007-08 Budget	2007-08 Estimated Actuals	Budget to Est Actuals Variance \$	Budget to Est Actuals Variance %
<b>Water Fund</b>						
<u>Fund Balance (Cash)</u>						
Beginning Cash Unreserved		946,119	534,780	(475,262)	(1,010,042)	
	Cash receipts	11,420,093	18,963,700	22,227,677	3,263,977	14.7%
	Cash disbursements	12,841,474	16,740,528	21,193,776	4,453,248	21.0%
	<b>Net Difference</b>	(1,421,381)	2,223,172	1,033,901	(1,189,271)	
<u>Fund Balance (Cash)</u>						
Ending Cash Unreserved		(475,262)	2,757,952	558,639	(2,199,313)	



# Wastewater Utility Fund Summary

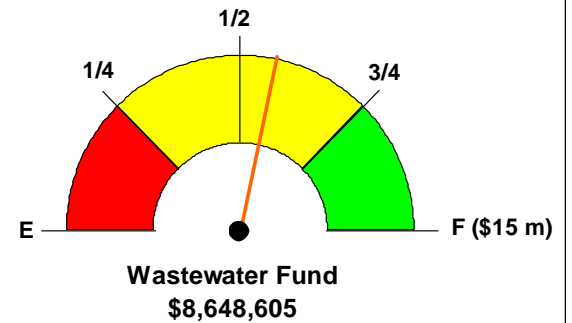
- **Revenues:** Revenues are expected to increase by \$17.3 million due to issuance of Wastewater Treatment Plant COPs.
- **Expenditures:** Expenditures are expected to increase by \$14.3 million due to construction of Phase 3 improvements to White Slough Wastewater Treatment Plant and major trunk line replacement. Proposed budget increase to include all Phase 3 expenditures and trunk line replacement.
- **Projected 6/30/08 Fund Balance:** \$8.6 million unreserved and unrestricted.
  - Unreserved target is 30% of Capital Assets =s ~\$15 million
  - The cumulative amount collected and earmarked for Infrastructure Replacement Balance =s ~\$11.3 million
  - Infrastructure replacement program needs to be balanced against unreserved target. Phase 3 and trunk line replacement are significant elements of the infrastructure replacement program.

# Statement of Changes in Fund Balance

## For the Fiscal Year Ended June 30, 2008

With Actuals for Fiscal Year 2006-07 and Comparative Budget Fiscal Year 2007-08

		Audited 2006-07 Actuals	2007-08 Budget	2007-08 Estimated Actuals	Budget to Est Actuals Variance \$	Budget to Est Actuals Variance %
<b>Wastewater Fund</b>						
<u>Fund Balance (Cash)</u>						
Beginning Cash Unreserved		1,866,805	1,757,400	4,956,069	3,198,669	
	Cash Receipts	11,445,320	39,066,024	56,377,800	17,311,776	30.7%
	Cash Disbursements	8,356,056	38,424,331	52,685,264	14,260,933	27.1%
	<b>Net Difference</b>	3,089,264	641,693	3,692,536	3,050,843	
<u>Fund Balance (Cash)</u>						
Ending Cash Unreserved		4,956,069	2,399,093	8,648,605	6,249,512	



# Vehicle Replacement Fund Summary

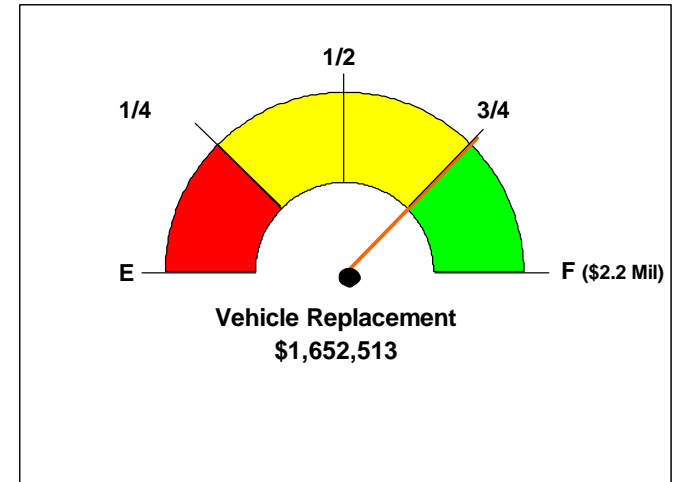
- **Revenues:** Revenues in this fund come from transfers made from General Fund departments that utilize vehicles.
- **Expenditures:** Expenditures will exceed budgeted amount by \$189,565.
- **Projected 6/30/08 Fund Balance:** \$1.65 million unreserved and unrestricted.

# Statement of Changes in Fund Balance

## For the Fiscal Year Ended June 30, 2008

With Actuals for Fiscal Year 2006-07 and Comparative Budget Fiscal Year 2007-08

		Audited 2006-07 Actuals	2007-08 Budget	2007-08 Estimated Actuals	Budget to Est Actuals Variance \$	Budget to Est Actuals Variance %
<b>Vehicle &amp; Equipment Replacement Fund</b>						
<u>Fund Balance (Net Assets)</u>						
Beginning Fund Balance Unreserved		288,584	628,380	1,289,054	660,674	
	Revenues	1,342,707	790,230	903,835	113,605	12.6%
	Expenditures	342,237	350,811	540,376	189,565	35.1%
	<b>Net Difference</b>	1,000,470	439,419	363,459	(75,960)	
<u>Fund Balance (Net Assets)</u>						
Ending Fund Balance Unreserved		1,289,054	1,067,799	1,652,513	584,714	



# Self Insurance Summary

- **Revenues:** Revenues in this fund come from transfers made from all operating budgets.
- **Expenditures:** Claims experience in FY 2007-08 for workers compensation and general liability has been as expected.
- **Projected 6/30/08 Fund Balance:** Total cash balance expected to approximate \$6 million. The cash balance is projected to increase by approximately \$667,873 as a result of continued favorable claims experience. This will bring the combined cash balance for workers compensation, general liability and other insurance to full funding at the 70% confidence level.

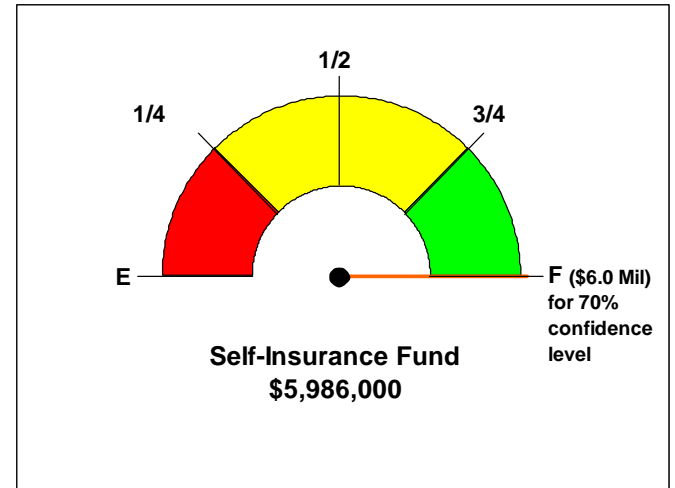


# Statement of Changes in Fund Balance

## For the Fiscal Year Ended June 30, 2008

With Actuals for Fiscal Year 2006-07 and Comparative Budget Fiscal Year 2007-08

		Audited 2006-07 Actuals	2007-08 Budget	2007-08 Estimated Actuals	Budget to Est Actuals Variance \$	Budget to Est Actuals Variance %
<b>Self Insurance Fund</b>						
<b>Fund Balance (Net Assets)</b>						
<b>Cash Balance</b>		4,133,154	4,305,670	5,318,127	1,012,457	
	Revenues	3,484,197	3,277,260	3,058,658	(218,602)	-7.1%
	Expenditures	2,299,224	2,949,147	2,390,785	(558,362)	-23.4%
	<b>Net Difference</b>	1,184,973	328,113	667,873	339,760	
<b>Fund Balance (Cash)</b>						
<b>Cash Balance</b>		5,318,127	4,633,783	5,986,000	1,352,217	



# Community Development Fund Summary

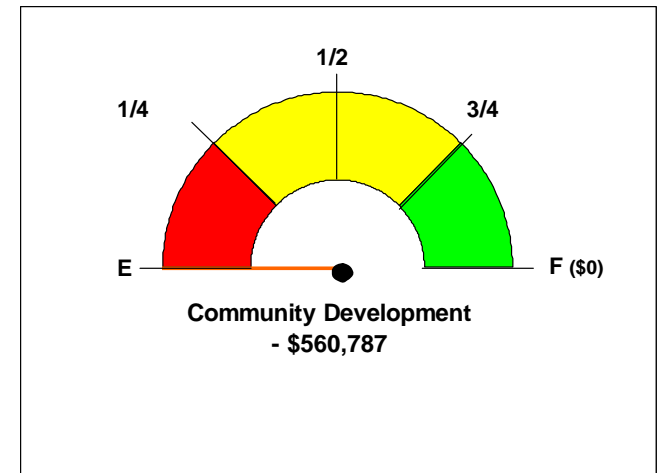
- **Revenues:** Revenues projected to be lower than budget.
  - The slowdown in building activity will result in a reduction of revenues (compared to budget) of \$500,000.
- **Expenditures:** As a result of vacancies, expenditures will be less than budgeted by approximately \$80,000.
- **Projected 6/30/08 Fund Balance:** is projected to be a cumulative deficit of (\$561,000).

# Statement of Changes in Fund Balance

## For the Fiscal Year Ended June 30, 2008

With Actuals for Fiscal Year 2006-07 and Comparative Budget Fiscal Year 2007-08

		Audited 2006-07 Actuals	2007-08 Budget	2007-08 Estimated Actuals	Budget to Est Actuals Variance \$	Budget to Est Actuals Variance %
<b>Community Development Fund</b>						
<u>Fund Balance (Net Assets)</u>						
Beginning Fund Balance Unreserved		68,692	1,661	(177,024)	(178,685)	
	Revenues	1,821,426	1,991,001	1,491,001	(500,000)	-33.5%
	Expenditures	<u>2,067,142</u>	<u>1,954,764</u>	<u>1,874,764</u>	<u>(80,000)</u>	-4.3%
	<b>Net Difference</b>	(245,716)	36,237	(383,763)	(420,000)	
<u>Fund Balance (Net Assets)</u>						
Ending Fund Balance Unreserved		(177,024)	37,898	(560,787)	(598,685)	



# Position Control

## **CITYWIDE – 458 Total Positions**

427 Filled

31 Recruitment in Process

# Position Control

## ADMINISTRATION – 51 Total Positions

### City Manager

4 Filled  
0 Recruitment in Process

### City Attorney

3 Filled  
0 Recruitment in Process

### City Clerk

4 Filled  
0 Recruitment in Process

### Human Resources

5 Filled  
0 Recruitment in Process

### Information Systems

8 Filled  
0 Recruitment in Process

### Finance

19 Filled  
0 Recruitment in Process

### Budget

5 Filled  
3 Recruitment in Process

# Position Control

## **POLICE – 120 Total Positions**

116 Filled

4 Recruitment in Process

# Position Control

## **FIRE – 64 Total Positions**

58 Filled

6 Recruitment in Process

# Position Control

## **ELECTRIC UTILITY – 47 Total Positions**

42 Filled

5 Recruitment in Process



# Position Control

## **PUBLIC WORKS – 108 Total Positions**

### **Administration**

3 Filled  
0 Recruitment in Process

### **Streets**

28 Filled  
1 Recruitment in Process

### **Transit**

1 Filled  
1 Recruitment in Process

### **Engineering**

17 Filled  
1 Recruitment in Process

### **Water/Wastewater**

36 Filled  
5 Recruitment in Process

### **Fleet and Facilities**

15 Filled  
0 Recruitment in Process

# Position Control

## **COMMUNITY DEVELOPMENT – 15 Total Positions**

14 Filled

1 Recruitment in Process

# Position Control

## **PARKS AND RECREATION – 30 Total Positions**

28 Filled

2 Recruitment in Process

# Position Control

## **LIBRARY – 14 Total Positions**

14 Filled

0 Recruitment in Process

# Position Control

## **COMMUNITY CENTER – 9 Total Positions**

7	Filled
2	Recruitment in Process

	City Council Approved	Adjustments	City Council Revised
General Fund Transfer Out	4,233,933	89,000	4,322,933
Equipment Fund Transfer In	65,447	89,000	154,447
General Fund Public Works	3,500,297	40,000	3,540,297
General Fund Non-Departmental Services	19,384	270,000	289,384
General Fund Other Revenue	217,861	250,000	467,861
General Fund Parks Division	2,371,414	4,650	2,376,064
Parks and Recreation Capital	0	7,225	7,225
Parks and Recreation Expendable Trust	0	11,875	11,875

Dated: January 16, 2008

I hereby certify that Resolution No. 2008-09 **was** passed and adopted by the City Council of the City of Lodi in a regular meeting held January 16, 2008, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Hitchcock, Johnson, Katzakian, and Mayor Mounce

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
 RAND JOHL  
 City Clerk